



**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 20 day of July, 2007 but is to be effective as of the effective date (defined below), between Gary Don Fletcher and wife, Helen Kay Fletcher, "Lessor" (whether one or more), whose address is, 1207 Academy Pl., Arlington, TX 76013, and CARRIZO OIL & GAS, INC., 1000 Louisiana Street, Suite 1500, Houston Texas 77002, "Lessee", WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land" is located in the County of Tarrant, State of Texas, and is described on Exhibit "A" attached hereto and made a part hereof for all purposes. This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 0.23165 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and for so long thereafter as oil or gas is producing in "paying quantities" from the Leased Premises, with royalties being timely and properly paid, or operations are being conducted as hereinafter provided. For purposes of this Agreement, the term "paying quantities" shall mean production accruing to Lessee's interest under this Agreement during any 3-month period, the value of which averages one (1) barrel of oil equivalent per day for that 3-month period. A "barrel of oil equivalent" shall be construed as one 42-gallon barrel of crude oil, or 6,000 cubic feet of natural gas or a volume of gas with a minimum heating value of 6,000 British Thermal Units (6,000 Mbtu), whichever is greater.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal one-eighth part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, one-eighth of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas, in either case to bear one-eighth of the cost of treating and transporting gas to render it marketable for gathering line; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-ins, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the N/A Bank at N/A or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on

said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.

11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, including but not limited to, Lessee's inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, then the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

FOR SPECIAL PROVISIONS SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR: Gary Don Fletcher  
(Individually and in all Capacities for the above described Land)

LESSOR: Helen Kay Fletcher  
(Individually and in all Capacities for the above described Land)

Name: Gary Don Fletcher

Name: Helen Kay Fletcher

Title: Lessor

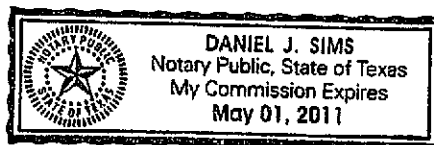
Title: Lessor

STATE OF TEXAS

COUNTY OF Tarrant

Before me, the undersigned authority, on this day personally appeared Gary Don Fletcher and known to me to be the person whose name is subscribed to the forgoing instrument, and acknowledged to me that he/she executed the same for the purpose and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this 30 day of July, 2007



My commission expires:

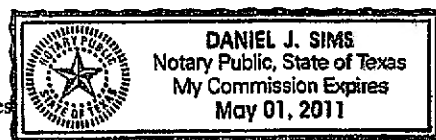
Daniel J. Sims  
Notary Public, State of Texas  
Notary's printed name

STATE OF TEXAS

COUNTY OF Tarrant

Before me, the undersigned authority, on this day personally appeared Helen Kay Fletcher known to me to be the person whose name is subscribed to the forgoing instrument, and acknowledged to me that he/she executed the same and for the purpose and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this 30 day of July, 2007



My commission expires:

Daniel J. Sims  
Notary Public, State of Texas  
Notary's printed name

LESSEE: \_\_\_\_\_  
(Individually and in all Capacities for the above described Land)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF TEXAS

COUNTY OF: Tarrant

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_ and known to me to be the person whose name is subscribed to the forgoing instrument, and acknowledged to me that he/she executed the same for the purpose and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this \_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
Notary Public, State of Texas

\_\_\_\_\_  
Notary's printed name

My commission expires:

**EXHIBIT "A"**

Attached to and made a part of that certain Memorandum Giving Notice of Oil, Gas and Mineral Lease dated \_\_\_\_\_, 2007, effective thereafter as of the Effective date, by and between Gary Don Fletcher and wife, Helen Kay Fletcher, as Lessors, and CARRIZO OIL & GAS, INC, as Lessee, covering 0.23165 acres, more or less, being more particularly described as follows, to-wit:

Lot 26, Block 5-R, Pine Grove Addition, an Addition to the City of Arlington, Tarrant County, Texas, according to the plat recorded in Volume 388-37, Page 89, Plat Records, Tarrant County, Texas.

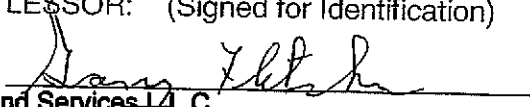
## ADDENDUM

Additional Provisions attached to and made a part of that certain Oil, Gas and Mineral Lease dated July 30, 2007, herein after referred to and agreed upon as the Effective date, by and between Gary Don's wife Helen Kay Fletcher, as Lessors, and CARRIZO OIL & GAS, INC, as Lessee, covering 23.16 acres, more or less, being more particularly described as follows, to-wit:

12. Surface usage and operation: There shall be no surface operations nor shall any well be drilled on the surface estate of this property but the company has the right to drill in, under and through the subsurface of the property for the purpose of exploring, producing and fracturing an oil and gas well. Lessee shall not have use of Lessor's fresh surface or well water from the leased land. Lessee shall not lay or bury any pipeline or temporary pipeline across the leased Land without separate written agreement from Lessor. No well shall be closer than 300 feet from Leased Premises. Notwithstanding the foregoing, Lessee shall have the right to conduct a one time 3-d seismic survey by virtue of the vibroseis seismic method.
13. The royalty percentage shall be amended in paragraph 3 herein so that where royalty is referenced as one-eighth ( $1/8^{\text{th}}$ ) therein, same shall be amended to twenty-two per cent (22%) and shall be measured at the meter site point of first sales.  
Lessor's royalty may not be charged, directly or indirectly, with any of the expenses of production, gathering, dehydration, compression, transportation, processing, treating, or marketing the oil and gas produced from the Leased Premises up to the point of first sales, and all of those expenses shall be considered costs of production and not post production costs, except for Lessor's royalty share of any third party or gatherer/purchaser charges for the same. Oil and Gas sold under this Lease to a third party gatherer and/or purchaser shall be pursuant to an arms length contract with a purchaser that is not an affiliate of Lessee.
14. Lease bonus to be \$ 2,500.00 per net mineral acre, payable at upon execution of Lease. Payment of bonus shall be by check, cash or certified funds; no bank drafts or post dated check will be accepted as bonus payment.
15. It is understood and agreed that this lease covers and includes oil and gas only (including with oil and gas, all constituent elements thereof and all other liquid or liquefiable hydrocarbons and products of every kind or character derived therefrom and produced therewith, including sulphur), and that all minerals other than oil and gas are excepted herefrom and reserved to Lessor. Included among the minerals reserved to Lessor and excluded from this lease are coal, uranium and lignite.
16. Both Lessor and Lessee anticipate the leased premises will be pooled with lands and mineral interests owned by the University of Texas at Arlington and others. Lessee agrees that, if technically sound, fiscally responsible and operationally prudent, then Lessee shall pool the leased premises with those leased from the University of Texas at Arlington or others, then the Lessee shall form such pool. If a well or wells producing oil and/or gas in paying quantities should be completed by Lessee on adjacent land closer than 330 feet of the lease line and might possibly be draining the Leased Premises, then, if the leased premises has not already been pooled, Lessee shall make reasonable efforts to pool the Leased Premises with those of the completed producing well unless it is not technically sound, fiscally responsible or operationally prudent to exercise such pooling authority. The burden of proof shall be on the Lessee in the event of a dispute regarding Lessee's failure to include the Leased Premises in an appropriate production pool. In the event a portion or portions of the leased premises is pooled or unitized with other land so as to form a pooled unit or units, all of the leased Land shall be included in any such unit or units. If at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or a dry hole anywhere on the leased premises or lands pooled therewith within ninety (90) days prior to the expiration of the primary term and this lease is not otherwise held by other lease provisions contained herein, this lease shall remain in full force and effect as to all unitized acreage so long as Lessee commences reworking and/or drilling operations on the leased premises or on acreage pooled therewith within ninety (90) days of the completion of such well as a producer or a dry hole and conducts continuous operations thereon with no cessation of longer than ninety (90) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

17. Shut-in Limitation. After the expiration of the primary term of this lease, Lessee's right to continue to perpetuate the term of this lease under the shut-in gas royalty provision contained herein shall be limited during each consecutive seven (7) year period occurring subsequent to the expiration of the primary term, to one or more shut in periods during which time all wells are physically shut in and not actually producing, to no more than three (3) years in the aggregate during any such seven (7) year period.
18. Other than Lessor's gross negligence or willful misconduct, Lessee hereby agrees to indemnify, protect and save Lessor safe and harmless against all claims, actions, or causes of action resulting from loss, damage or injury to any person or persons or property caused by, connected with or resulting from Lessee's operations on the leased premises or activities conducted on behalf of Lessee by Lessee's agents, servants, employees or invitees thereon.
19. All references to warranties in the Lease shall be with special warranty only and have the following language added after each such warranty to that effect, "by through or under Assignor but not otherwise".
20. These additional provisions shall attach to and become a part of the Oil, Gas and Mineral Lease and shall take precedence over the language to the contrary included in the preprinted lease form (paragraphs numbered 1-11 above) to which these provisions are attached.
21. Lessee agrees to use, and require all of its contractors to use, state of the art sound suppression equipment and techniques during all drilling and well-servicing operations and on any compressors.
22. Lessor understands that safe operations during drilling operations require the drilling rig and site be well lighted. Lessee understands the site shall be in a residential neighborhood and that light pollution can be more than just inconvenient. To the extent a reasonably prudent operator can reasonably do so without causing a safety hazard, Lessee agrees to use reasonable and prudent equipment and techniques to minimize the light pollution into the surrounding neighborhood.
23. Lessee understands the residential streets within the Pine Grove and Santa Maria Additions to the City of Arlington, Texas (specifically Brittany Lane, Academy Drive, Academy Circle, Academy Court, Santa Maria Ct., Academy Place and McBride St.) are neither designed nor built to carry commercial traffic. Lessee agrees to instruct its employees and contractors to avoid using said streets listed above in this clause, except for seismic study activities and contractors doing business with lessors. None of lessee's employees or contractors shall be permitted to use the streets listed above for parking or access to any drill site. For the purpose of this clause, neither W. Park Row Drive nor S. Davis Drive nor W. Mitchell Street are considered "residential streets".
24. Lessor warrants to Lessee that the deed records of Tarrant County, Texas, correctly show the surface and mineral rights actually owned by the Lessor to the best of Lessor's knowledge and belief as of the date this Lease is signed.
25. This Lease is limited to those depths from the surface of the ground to 100 feet below the base of the formation commonly known as the Barnett Shale formation. Lessor excepts from this Lease all depths occurring 100 feet below the base of the Barnett Shale formation.
26. Other than provided in the Texas Natural Resources Code, Lessee may not require execution of a division order as a condition of royalties, and that no division order signed by Lessor will be construed to modify the terms of the Lease.
27. The Acreage shown in paragraph one of this lease will be computed by lessee using certified plats and deeds taken from the Official Public Records of Tarrant County, Texas. This acreage amount will be sent to lessee within promissory payment date but no later than 60 days after execution of this lease. Lessor may contest the acreage amount by providing lessee with a certified plat, all at lessor's expense.

LESSOR: (Signed for Identification)

  
Cheaha Land Services L.L.C.  
P.O. Box 122869  
Fort Worth, TX 76121

